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DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-027]

Countervailing Duty Investigation of Certain Corrosion-Resistant Steel Products from the People's Republic of China: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (the Department) determines that countervailable subsidies are being provided to producers and exporters of certain corrosion-resistant steel products (corrosion-resistant steel) from the People's Republic of China (the PRC) as provided in section 705 of the Tariff Act of 1930, as amended (the Act). For information on the estimated subsidy rates, *see* the "Final Determination" section of this notice. The period of investigation is January 1, 2014, through December 31, 2014.

DATES: Effective Date: **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**

FOR FURTHER INFORMATION CONTACT: Emily Halle or David Lindgren, AD/CVD Operations, Office VII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482-0176 or (202) 482-3870, respectively.

## SUPPLEMENTARY INFORMATION:

### *Background*

The Department published the *Preliminary Determination* on November 6, 2015.<sup>1</sup> A summary of the events that occurred since the Department published the *Preliminary Determination*, as well as a full discussion of the issues raised by parties for this final determination, may be found in the Final Decision Memorandum.<sup>2</sup> The Final Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>, and is available to all parties in the Central Records Unit, Room B8024 of the main Department of Commerce building. In addition, a complete version of the Final Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed Final Decision Memorandum and the electronic version are identical in content.

### *Period of Investigation*

The period of investigation for which we are measuring subsidies is January 1, 2014, through December 31, 2014.

### *Scope Comments*

In accordance with the Preliminary Scope Determination,<sup>3</sup> the Department set aside a period of time for parties to address scope issues in case briefs or other written comments on scope issues.

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<sup>1</sup> See *Countervailing Duty Investigation of Certain Corrosion-Resistant Steel Products from the People's Republic of China: Preliminary Affirmative Determination*, 80 FR 68843 (November 6, 2015) (*Preliminary Determination*).

<sup>2</sup> See Memorandum, "Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Certain Corrosion-Resistant Steel Products from the People's Republic of China," (Final Decision Memorandum), dated concurrently with this determination and hereby adopted by this notice.

<sup>3</sup> See Memorandum to Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, "Certain Corrosion-Resistant Steel Products From the People's Republic of China, India, Italy, the

For a summary of the product coverage comments and rebuttal responses submitted to the record of this final determination, and accompanying discussion and analysis of all comments timely received, *see* the Final Scope Decision Memorandum.<sup>4</sup> The Final Scope Decision Memorandum is incorporated by, and hereby adopted by, this notice.

#### *Scope of the Investigation*

The product covered by this investigation is corrosion-resistant steel from the PRC. For a complete description of the scope of this investigation, *see* the “Scope of the Investigation,” in Appendix II of this notice.

#### *Analysis of Subsidy Programs and Comments Received*

The subsidy programs under investigation and the issues raised in the case and rebuttal briefs by parties in this investigation are discussed in the Final Decision Memorandum. A list of the issues that parties raised, and to which we responded in the Final Decision Memorandum, is attached to this notice at Appendix I.

#### *Use of Adverse Facts Available*

The Department, in making these findings, relied, in part, on facts available and, because one or more respondents failed to cooperate by not acting to the best of their ability, we made adverse inferences.<sup>5</sup> For the final determination, we are basing the countervailing duty (CVD) rates for Angang Group Hong Kong Company Ltd. (Angang), Baoshan Iron & Steel Co., Ltd. (Baoshan), Duferco S.A. (Duferco), Changshu Everbright Material Technology (Everbright), and Handan Iron & Steel Group (Handan) on facts otherwise available, pursuant to sections

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Republic of Korea, and Taiwan: Scope Comments Decision Memorandum for the Preliminary Determinations,” dated December 21, 2015 (Preliminary Scope Decision Memorandum). *See also* Memorandum to the File, “Certain Corrosion-Resistant Steel Products From the People’s Republic of China, India, Italy, the Republic of Korea, and Taiwan: Correction to Preliminary Determination Scope Memorandum,” January 29, 2016.

<sup>4</sup> *See* Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, “Scope Comments Decision Memorandum for the Final Determinations,” dated concurrently with this notice.

<sup>5</sup> *See* sections 776(a) and (b) of the Act.

776(a)(2)(A) and (C) of the Tariff Act of 1930, as amended (the Act). Further, because Angang, Baoshan, Duferco, Everbright and Handan did not cooperate to the best of their ability in this investigation, we also determine that an adverse inference is warranted, pursuant to section 776(b) of the Act. For further information, *see* the section “Use of Facts Otherwise Available and Adverse Inferences,” in the Final Decision Memorandum.

#### *Changes Since the Preliminary Determination*

Based on our review and analysis of the comments received from parties, and minor corrections presented at verification, we made certain changes to the respondents’ subsidy rate calculations since the *Preliminary Determination*. For a discussion of these changes, *see* the Final Decision Memorandum and the Final Analysis Memorandum.<sup>6</sup>

#### *Final Affirmative Determination of Critical Circumstances, in Part*

Prior to the *Preliminary Determination*, the Department found that critical circumstances exist with respect to imports of corrosion-resistant steel from the PRC for Angang, Baoshan, Duferco, Everbright and Handan.<sup>7</sup> Upon further analysis of the data and comments submitted by interested parties following the *Preliminary Determination*, we are not modifying our findings for the *Final Determination*.<sup>8</sup> Specifically, in accordance with section 705(a)(2) of the Act, we find that critical circumstances exist with respect to imports from Angang, Baoshan, Duferco, Everbright and Handan, but do not exist for Yieh Phui (China) Technomaterial Co., Ltd. (YPC) and all other producers or exporters.

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<sup>6</sup> *See* Final Decision Memorandum; *see also* Memorandum, “Final Determination Analysis for Yieh Phui (China) Technomaterial Co., Ltd.,” dated concurrently with this determination and hereby adopted by this notice.

<sup>7</sup> *See Antidumping and Countervailing Duty Investigations of Corrosion-Resistant Steel Products From India, Italy, the People’s Republic of China, the Republic of Korea, and Taiwan: Preliminary Determinations of Critical Circumstances*, 80 FR 68504 (November 5, 2015).

<sup>8</sup> For a full description of the methodology and results of our analysis, *see* the Final Decision Memorandum.

### *Final Determination*

In accordance with section 705(c)(1)(B)(i)(I) of the Act, we established rates for YPC (the only individually investigated exporter/producer of the subject merchandise that participated in this investigation), and for Angang, Baoshan, Duferco, Everbright and Handan (which were assigned a rate based on adverse facts available (AFA)).

In accordance with sections 705(c)(1)(B)(i)(I) and 705(c)(5)(A)(i) of the Act, for companies not individually investigated, we apply an “all-others” rate, which is normally calculated by weight averaging the subsidy rates of the individual companies selected for individual examination with those companies’ export sales of the subject merchandise to the United States, excluding any zero and *de minimis* rates calculated for the exporters and producers individually investigated, and any rates determined entirely under section 776 of the Act. Consistent with section 705(c)(5)(A)(i) of the Act, we therefore have excluded the AFA rate assigned to Angang, Baoshan, Duferco, Everbright, and Handan from the all-others rate.

Because the only individually calculated rate that is not zero, *de minimis*, or based on facts otherwise available is the rate calculated for YPC, in accordance with section 705(c)(5)(A)(i) of the Act, the rate calculated for YPC is assigned as the “all-others” rate. The estimated countervailable subsidy rates are summarized in the table below.

<b>Company</b>	<b>Subsidy Rate</b>
Yieh Phui (China) Technomaterial Co., Ltd.	39.05 percent
Angang Group Hong Kong Company Ltd.	241.07 percent
Baoshan Iron & Steel Co., Ltd.	241.07 percent
Duferco S.A., Hebei Iron & Steel Group, and Tangshan Iron and Steel Group Co., Ltd.	241.07 percent
Changshu Everbright Material Technology	241.07 percent
Handan Iron & Steel Group	241.07 percent
All-Others	39.05 percent

*Continuation of Suspension of Liquidation*

As a result of our *Preliminary Determination*, and pursuant to sections 703(d)(1)(B) and (2) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of merchandise under consideration from the PRC that were entered or withdrawn from warehouse, for consumption, on or after August 8, 2015 (for those entities for which we found critical circumstances exist) or on or after November 6, 2015, the date of publication of the *Preliminary Determination* in the **Federal Register** (for all entities for which we did not find critical circumstances exist). In accordance with section 703(d) of the Act, we issued instructions to CBP to discontinue the suspension of liquidation for CVD purposes for subject merchandise entered, or withdrawn from warehouse, on or after March 4, 2016, but to continue the suspension of liquidation of all entries from August 8, 2015, or November 6, 2015, as the case may be, through March 3, 2016.

If the U.S. International Trade Commission (the ITC) issues a final affirmative injury determination, we will issue a CVD order and will reinstate the suspension of liquidation under section 706(a) of the Act and will require a cash deposit of estimated CVDs for such entries of subject merchandise in the amounts indicated above. If the ITC determines that material injury,

or threat of material injury, does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

#### *ITC Notification*

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order (APO), without the written consent of the Assistant Secretary for Enforcement and Compliance.

#### *Notification Regarding Administrative Protective Orders*

In the event the ITC issues a final negative injury determination, this notice serves as the only reminder to parties subject to an APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return or destruction of APO materials, or conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and terms of an APO is a violation subject to sanction.

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act.

Dated: May 24, 2016.

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Paul Piquado,  
Assistant Secretary  
for Enforcement and Compliance.



**Appendix I**  
**List of Topics Discussed in the Final Decision Memorandum**

- I. Summary
- II. Background
- III. Final Determination of Critical Circumstances, in Part
- IV. Scope of the Investigation
- V. Application of the Countervailing Duty Law to Imports from the PRC
- VI. Subsidies Valuation Information
- VII. Benchmarks and Discount Rates
- VIII. Use of Facts Otherwise Available and Adverse Inferences
- IX. Analysis of Programs
- X. Analysis of Comments

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| Comment 1: | Whether Respondent's Producers of Inputs Are "Authorities"  |
| Comment 2: | Whether Inputs for LTAR Are Specific  |
| Comment 3: | Whether to Use a Tier One Benchmark to Determine the Adequacy of Remuneration for Inputs for LTAR |
| Comment 4: | Whether the Provision of Electricity for LTAR Is Countervailable                                  |
| Comment 5: | Whether the GOC Provided Policy Loans to YPC during the POI                                       |
| Comment 6: | Whether the Export Buyer's Credit Program Was Used by Respondent                                  |
| Comment 7: | Correcting VAT in the Hot-Rolled Steel and Primary Aluminum Benchmarks                            |
| Comment 8: | Whether to Apply AFA to YCL's Sales from Other PRC Producers of Corrosion-Resistant Steel         |

- XI. Recommendation

## **Appendix II**

### **Scope of the Investigation**

The products covered by this investigation are certain flat-rolled steel products, either clad, plated, or coated with corrosion-resistant metals such as zinc, aluminum, or zinc-, aluminum-, nickel- or iron-based alloys, whether or not corrugated or painted, varnished, laminated, or coated with plastics or other non-metallic substances in addition to the metallic coating. The products covered include coils that have a width of 12.7 mm or greater, regardless of form of coil (*e.g.*, in successively superimposed layers, spirally oscillating, *etc.*). The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness less than 4.75 mm and a width that is 12.7 mm or greater and that measures at least 10 times the thickness. The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness of 4.75 mm or more and a width exceeding 150 mm and measuring at least twice the thickness. The products described above may be rectangular, square, circular, or other shape and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process, *i.e.*, products which have been “worked after rolling” (*e.g.*, products which have been beveled or rounded at the edges). For purposes of the width and thickness requirements referenced above:

- (1) where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above, and
- (2) where the width and thickness vary for a specific product (*e.g.*, the thickness of certain products with non-rectangular cross-section, the width of certain products with non-rectangular shape, *etc.*), the measurement at its greatest width or thickness applies.

Steel products included in the scope of this investigation are products in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 2.50 percent of manganese, or
- 3.30 percent of silicon, or
- 1.50 percent of copper, or
- 1.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 2.00 percent of nickel, or
- 0.30 percent of tungsten (also called wolfram), or
- 0.80 percent of molybdenum, or
- 0.10 percent of niobium (also called columbium), or
- 0.30 percent of vanadium, or
- 0.30 percent of zirconium

Unless specifically excluded, products are included in this scope regardless of levels of boron and titanium.

For example, specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (“IF”)) steels and high strength low alloy (“HSLA”) steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum.

Furthermore, this scope also includes Advanced High Strength Steels (“AHSS”) and Ultra High Strength Steels (“UHSS”), both of which are considered high tensile strength and high elongation steels.

Subject merchandise also includes corrosion-resistant steel that has been further processed in a third country, including but not limited to annealing, tempering, painting, varnishing, trimming, cutting, punching and/or slitting or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the in-scope corrosion resistant steel.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of this investigation unless specifically excluded. The following products are outside of and/or specifically excluded from the scope of this investigation:

- Flat-rolled steel products either plated or coated with tin, lead, chromium, chromium oxides, both tin and lead (“terne plate”), or both chromium and chromium oxides (“tin free steel”), whether or not painted, varnished or coated with plastics or other non-metallic substances in addition to the metallic coating;
- Clad products in straight lengths of 4.7625 mm or more in composite thickness and of a width which exceeds 150 mm and measures at least twice the thickness; and
- Certain clad stainless flat-rolled products, which are three-layered corrosion-resistant flat-rolled steel products less than 4.75 mm in composite thickness that consist of a flat-rolled steel product clad on both sides with stainless steel in a 20%-60%-20% ratio.

The products subject to the investigation are currently classified in the Harmonized Tariff Schedule of the United States (“HTSUS”) under item numbers: 7210.30.0030, 7210.30.0060, 7210.41.0000, 7210.49.0030, 7210.49.0091, 7210.49.0095, 7210.61.0000, 7210.69.0000, 7210.70.6030, 7210.70.6060, 7210.70.6090, 7210.90.6000, 7210.90.9000, 7212.20.0000, 7212.30.1030, 7212.30.1090, 7212.30.3000, 7212.30.5000, 7212.40.1000, 7212.40.5000, 7212.50.0000, and 7212.60.0000.

The products subject to the investigation may also enter under the following HTSUS item numbers: 7210.90.1000, 7215.90.1000, 7215.90.3000, 7215.90.5000, 7217.20.1500,

7217.30.1530, 7217.30.1560, 7217.90.1000, 7217.90.5030, 7217.90.5060, 7217.90.5090, 7225.91.0000, 7225.92.0000, 7225.99.0090, 7226.99.0110, 7226.99.0130, 7226.99.0180, 7228.60.6000, 7228.60.8000, and 7229.90.1000.

The HTSUS subheadings above are provided for convenience and customs purposes only. The written description of the scope of the investigation is dispositive.

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